

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name HENRIETTA TOWNSHIP	County JACKSON
Fiscal Year End 6/30/07	Opinion Date 12/27/07	Date Audit Report Submitted to State 12/28/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

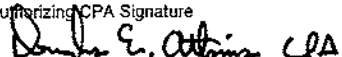
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ Check each applicable box below. (See instructions for further detail.)

1. ☒ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ The local unit has adopted a budget for all required funds.
5. ☒ A public hearing on the budget was held in accordance with State statute.
6. ☒ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ The local unit is free of repeated comments from previous years.
12. ☒ The audit opinion is UNQUALIFIED.
13. ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Markowski & Company, CPAs		Telephone Number 517-782-9351	
Street Address 2880 Spring Arbor Road		City Jackson	State MI
		Zip 49203	
Authorizing CPA Signature 		Printed Name Douglas E Atkins, CPA	
		License Number 1101016353	

**HENRIETTA TOWNSHIP**  
**JACKSON COUNTY, MICHIGAN**  
AUDITED FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2007

**HENRIETTA TOWNSHIP**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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# MARKOWSKI & COMPANY

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Township Board  
Henrietta Township  
Jackson County, Michigan

We have audited the financial statements of the governmental activities, major funds, and remaining fund information, which collectively comprise the basic financial statements, of Henrietta Township, Michigan, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

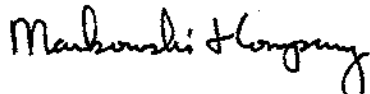
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and remaining fund information of the Township at June 30, 2007, and the changes in financial position, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basis financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Township Board  
Henrietta Township  
Jackson County, Michigan

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The accompanying required supplementary information, as described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

A handwritten signature in cursive script that reads "Markowski & Company".

MARKOWSKI & COMPANY, CPAs  
December 27, 2007

## Management's Discussion and Analysis

### Using this Annual Report

As management of Henrietta Township, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of Henrietta Township for the fiscal year ended June 30, 2007.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's net assets increased by \$62,462 from a year ago. A substantial portion of the Township's net assets (36%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and payments for road construction). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

In a condensed format, the table below shows the net assets as of the current date:

	Governmental Activities	
	June 30, 2007	June 30, 2006
Current Assets	\$ 543,965	\$ 518,483
Noncurrent Assets	375,224	281,895
Total Assets	919,189	800,378
Current Liabilities	49,947	29,098
Noncurrent Liabilities	35,500	-
	85,447	29,098
Net Assets		
Invested in Capital Assets - Net of Debt	304,224	281,895
Unrestricted	529,518	489,385
Total Net Assets	\$ 833,742	\$ 771,280

## Management's Discussion and Analysis

The following table shows the changes of the net assets as of the current date:

	Governmental Activities	
	June 30, 2007	June 30, 2006
Program Revenues		
Charges for Services	\$ 134,451	\$ 118,008
Operating Grants and Contributions	-	500
Capital Grants and Contributions	6,050	19,005
General Revenues		
Property Taxes	137,274	128,523
State-Shared Revenues	305,122	311,542
Interest Income	10,769	9,995
Franchise Fees	9,097	9,225
Other Income	13,378	9,579
Total Revenues	<u>616,141</u>	<u>606,377</u>
Program Expenses		
Legislative	50,825	46,896
General Government	212,467	206,522
Public Safety	238,373	227,544
Public Works	10,275	7,152
Depreciation	51,455	48,780
Interest on Long Term Debt	-	2,456
Total Expenses	<u>563,395</u>	<u>539,350</u>
Change in Net Assets	<u>\$ 52,746</u>	<u>\$ 67,027</u>

### Government Activities

The Township's total governmental revenues increased by \$9,764. Charges for services increased as revenue from a long term cell tower lease resulted in additional revenues to the Township. Additional revenues were recognized as the Township received a fire assistance project grant to purchase a new skid unit for a fire emergency response vehicle. Property taxes increased only slightly and State shared revenues continue to decline. The Township monitors its budget and expenditures closely in order to control costs. Each department is involved in the budgeting and planning process and fully understands that a budget is a plan that is adjustable. Each department's budget and expenditures are reviewed monthly with the department head and management. Total expenses increased by \$24,045, due partly to elections being held, increased costs in contracting for tax assessing, and fire protection.

### The Township's Funds

The fund financial statements provide a more detailed analysis of the Township's operations, which is focused primarily on the current use of available resources. The Township maintains several funds to help manage money designated for special purposes, as well as to show accountability for certain activities.

## **Management's Discussion and Analysis**

### **The Township's Funds (Continued)**

The General Fund, the major governmental fund, relates to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State Shared revenues, and from fees charged for various municipal activities and services. The General Fund's fund balance decreased \$27,084 as \$75,500 was transferred to other governmental funds. Total expenditures in the General Fund were \$558,832 in the current year.

The Township has two other governmental funds, the Vehicle Replacement Fund accounts for monies set aside for the replacement of vehicles and equipment. During the year the fund had revenues of \$1,509 made up entirely of interest income and expenditures of \$26,502 used to purchase a new fire department emergency vehicle.

The Public Improvement Fund is used for monies set aside for Township public improvements. During the year the fund had revenues of \$7,384 made up entirely of interest income and no expenditures.

### **General Fund Budgetary Highlights**

The initial budget was well planned and reviewed by each department and the board. Monthly and quarterly budget meetings are held, and amendments are made as needed. The original budget adopted for the Township's General Fund projected a \$3,035 decrease in fund balance. As the year progressed, and actual events took place, amendments were adopted to reflect the changing financial picture.

The final General Fund budget projected a \$36,135 decrease in fund balance.

### **Capital Asset and Debt Administration**

At the end of 2007, the Township had \$248,027 invested in a broad range of capital assets, including buildings and fire equipment. In addition, the Township has invested \$127,197 in roads within the Township since 2004 when these investments were required to be reported as assets. These assets are not reported in the Township's capital financial statements because of Michigan law, which makes these roads the property of the County Road Commission. During the year new fire equipment (grass rig with skid unit) were purchased.

The Township owed \$71,000 to the County Road Commission for road work completed in the Township during the fiscal year.

### **Economic Factors and Next Year's Budgets and Rates**

The Township continues to budget for a slowing economy for 2007/2008. Property taxes and state shared revenues look to remain stable. The Township has entered into a five year cell tower lease agreement at \$1,300 monthly to generate revenues to offset rising costs. The Township has renewed a three year lease of Township office space with Stockbridge Schools at \$1.00 per year in lieu of building a new facility. The Township has commissioned a team of citizens to research the need and costs of a sewer system in the densely populated lake areas this year.

The Township continues to look into ways to reduce operating costs and maintain and improve our level of services. The Township fire department continues to apply for grants for needed equipment and training. The Township operates on a 1 mill tax levy (.7818) after the Headlee amendment. The Township board is further reviewing the need for additional millage monies to maintain the current level of services in the area of public safety.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office located at 11120 Musbach Road, Munith, MI 49259.



**HENRIETTA TOWNSHIP**  
**JACKSON COUNTY, MICHIGAN**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**HENRIETTA TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 238,843
Investments	199,413
Accounts receivable	8,769
Due from other governments	96,940
Total current assets	<u>543,965</u>

**NONCURRENT ASSETS**

Land	3,500
Buildings and improvements	291,300
Office equipment	91,328
Equipment	258,784
Vehicles	458,242
Less - Accumulated depreciation	<u>(855,127)</u>
Net property and equipment	248,027
Intangible asset - road construction	<u>127,197</u>
Total noncurrent assets	<u>375,224</u>
Total assets	<u>919,189</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	10,057
Accrued leave payable	4,390
Bonds, notes, and loans payable	<u>35,500</u>
Total current liabilities	<u>49,947</u>

**NONCURRENT LIABILITIES:**

Bonds, notes, and loans payable	<u>35,500</u>
Total liabilities	<u>85,447</u>

**NET ASSETS:**

Invested in capital assets - net of related debt	304,224
Unrestricted	<u>529,518</u>
Total net assets	<u>\$ 833,742</u>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Legislative	\$ 50,825	\$ -	\$ -	\$ -	(50,825)
General government	212,467	88,041	-	-	(124,426)
Public safety	238,373	41,708	-	6,050	(190,615)
Public works	10,275	4,702	-	-	(5,573)
Depreciation	51,455	-	-	-	(51,455)
Total governmental activities	563,395	134,451	-	6,050	(422,894)
General revenues					
Property taxes					137,274
State-shared revenues					305,122
Interest income					10,769
Franchise fees					9,097
Other income					13,378
Total general revenues					475,640
Change in net assets					52,746
Net assets - Beginning					780,996
Net assets - Ending					\$ 833,742

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	GENERAL FUND	VEHICLE REPLACEMENT FUND	PUBLIC IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 208,019	\$ 25,097	\$ 5,727	\$ 238,843
Investments	-	-	199,413	199,413
Accounts receivable	6,050	-	-	6,050
Due from other governments	96,940	-	-	96,940
Due from other funds	2,719	40,000	-	42,719
Total assets and other debits	<u>\$ 313,728</u>	<u>\$ 65,097</u>	<u>\$ 205,140</u>	<u>\$ 583,965</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 10,057	\$ -	\$ -	\$ 10,057
Due to other funds	40,000	-	-	40,000
Total liabilities	<u>50,057</u>	<u>-</u>	<u>-</u>	<u>50,057</u>
<b>FUND BALANCES</b>				
Fund balances - Unreserved	263,671	65,097	205,140	533,908
Total fund balances	<u>263,671</u>	<u>65,097</u>	<u>205,140</u>	<u>533,908</u>
Total liabilities, fund equity and other credits	<u>\$ 313,728</u>	<u>\$ 65,097</u>	<u>\$ 205,140</u>	<u>\$ 583,965</u>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

Total fund balance - total governmental funds \$ 533,908

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not current financial resources  
and therefore are not reported in the governmental funds balance sheet. For  
purposes of this reconciliation capital assets are netted with accumulated depreciation. 248,027

The Township has entered into a road agreement with the County Road Commission,  
the payments are spread over a five year period. The Township does not own or  
maintain these roads and therefore are not reported in the governmental funds  
balance sheet. Amount shown net of related amortization. 127,197

Long term liabilities are not due and payable in the current period and, therefore,  
they are not reported in the governmental funds balance sheet. (71,000)

Accrued leave is not due and payable in the current period and, therefore,  
is not reported in the governmental funds balance sheet. (4,390)

Net assets of governmental activities \$ 833,742

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2007**

	GENERAL FUND	VEHICLE REPLACEMENT FUND	PUBLIC IMPROVEMENT FUND	TOTAL
<b>REVENUES:</b>				
Taxes and penalties	\$ 137,274	\$ -	\$ -	\$ 137,274
Franchise fee	9,097	-	-	9,097
Licenses and permits	37,100	-	-	37,100
Fees and fines	13,415	-	-	13,415
Intergovernmental	305,122	-	-	305,122
Charges for services	54,219	-	-	54,219
Interest income	1,876	1,509	7,384	10,769
Other revenue	49,145	-	-	49,145
Total revenues	<u>607,248</u>	<u>1,509</u>	<u>7,384</u>	<u>616,141</u>
<b>EXPENDITURES:</b>				
Current:				
Legislative	50,825	-	-	50,825
General government	212,467	-	-	212,467
Public safety	237,983	-	-	237,983
Public works	41,697	-	-	41,697
Capital outlay	15,860	26,502	-	42,362
Total expenditures	<u>558,832</u>	<u>26,502</u>	<u>-</u>	<u>585,334</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>48,416</u>	<u>(24,993)</u>	<u>7,384</u>	<u>30,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	61,000	14,500	75,500
Operating transfers (out)	(75,500)	-	-	(75,500)
Total other financing sources	<u>(75,500)</u>	<u>61,000</u>	<u>14,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(27,084)</u>	<u>36,007</u>	<u>21,884</u>	<u>30,807</u>
<b>FUND BALANCE - Beginning of year</b>	<u>290,755</u>	<u>29,090</u>	<u>183,256</u>	<u>503,101</u>
<b>FUND BALANCE - End of year</b>	<u>\$ 263,671</u>	<u>\$ 65,097</u>	<u>\$ 205,140</u>	<u>\$ 533,908</u>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds	\$ 30,807
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	42,362
Governmental funds report road payments to the County Road Commission as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those intangible assets is allocated over their estimated useful lives as amortization expense.	35,500
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(51,455)
Amortization expense on intangible assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure in governmental funds.	(4,078)
Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	<u>(390)</u>
Change in net assets of governmental activities	<u>\$ 52,746</u>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2007**

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 4,189</u>
 <b>LIABILITIES</b>	
Due to other funds	\$ 2,719
Due to other governments	<u>1,470</u>
Total liabilities	<u>\$ 4,189</u>

The accompanying notes are an integral part of the financial statements.



**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**HENRIETTA TOWNSHIP**  
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**JUNE 30, 2007**

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**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

The accounting methods and procedures adopted by Henrietta Township conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following is a summary of the significant accounting policies used by Henrietta Township.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. DESCRIPTION OF TOWNSHIP OPERATIONS -**

Henrietta Township is a general law township and is located in Jackson County, Michigan. The Township operates under an elected Board consisting of a Supervisor, Clerk, Treasurer, and two Trustees, and provides services to approximately 4,400 residents in many areas including fire and police protection, roads and streets, public interests, planning and zoning, and general administrative services.

**B. REPORTING ENTITY -**

As required by generally accepted accounting principles, the financial statements of Henrietta Township include its primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. On this basis, accordingly, the financial statements of certain other governmental organizations within the Township, such as the school district, are not included in the financial statements of the Township.

**C. GOVERNMENT-WIDE FINANCIAL STATEMENTS -**

The government-wide financial statements report information on all of the nonfiduciary activities of Henrietta Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Vehicle Replacement Fund accounts for the resources advanced from the general fund earmarked for capital outlays for the Township's fire department.
- The Public Improvement Fund accounts for resources received from the general fund earmarked for public improvements.

Additionally, the Township reports the following fund types:

- Agency funds account for assets held by the Township in a purely custodial capacity, the reporting entity includes three agency funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.
- The Delinquent Tax Fund accounts for delinquent taxes and other fees collected to be distributed to the General Fund.
- The Tax Revenue Fund accounts for property tax collections to be distributed to the Township General Fund.
- The Fire Explosion Fund accounts for amounts collected from casualties and losses to ensure that the proper township ordinances are enforceable.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes not levied for a specific purpose.

**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**E. CASH AND CASH EQUIVALENTS -**

The Township has classified cash on hand in checking accounts as cash for balance sheet purposes. Cash in excess of current requirements is invested by the Treasurer in certificates of deposit. Certificates that mature within 90 days have liquidity similar to a regular checking account; they are presented as a cash equivalent in the financial statements. Certificates with a maturity of greater than 90 days are considered investments for financial statement purposes.

**F. RECEIVABLES -**

Henrietta Township records accounts receivable for amounts due from the State of Michigan for State shared revenue in the General Fund.

**G. PREPAID EXPENSES -**

Expenses, material in amount, which provide benefits in a future period have been set up as prepaid. They will be recognized as an expense in the period receiving the benefit.

**H. CAPITAL ASSETS -**

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building improvements	15 to 30 years
Vehicles and equipment	3 to 7 years

**I. INTANGIBLE ASSETS -**

The Township has entered into an agreement with the County Road Commission to construct and maintain roads within the township. The Township does not maintain custody of the roads but does share in the construction costs. The resources used in the construction of the roads are recorded as intangible assets and amortized over a period of 10 to 30 years in the government wide financial statements.

**J. FUND EQUITY -**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. ACCUMULATED UNPAID LEAVE PAY -**

It is the Township's policy to permit full time employees to accumulate earned but unused leave time. Accumulated at June 30, 2007, the liability included \$4,390 unpaid leave pay benefits reported in the governmental funds. All leave pay is accrued when incurred in the government-wide financial statements.

**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**L. LONG TERM OBLIGATIONS -**

In the government wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities.

**M. ESTIMATES -**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

**BUDGET VIOLATIONS -**

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

FUND/DEPARTMENT	FINAL AMENDED BUDGET	ACTUAL	(EXCESS BUDGET VARIANCE)
GENERAL FUND			
Street Lights	\$ 5,700	\$ 5,757	\$ (57)
Other Financing Sources (uses)	4,500	75,500	(71,000)
	<u>\$ 10,200</u>	<u>\$ 81,257</u>	<u>\$ (71,057)</u>

**NOTE 3 - PROPERTY TAXES:**

The Township property taxes are levied annually on December 1<sup>st</sup>. Payment is due by the last day of the following February. For fiscal year 2007, the Township levied an operating tax. The operating tax is levied on the taxable valuation of real and personal property located within the Township on the preceding December 31<sup>st</sup>. For the 2006 levy collected in fiscal year 2007, the taxable value was \$127,888,263. The operating tax levied was 0.7818 mills (\$.7818 per \$1,000 of the taxable value).

**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 4 - CASH AND INVESTMENTS:**

The Township Treasurer is authorized by state law and a resolution from the Board of Trustees to invest surplus funds as follows:

- 1) Bonds or other direct obligations of the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union.
- 3) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. The maturity date of the commercial paper must not be longer than 270 days from the purchase date, and no more than 50% of any fund may be invested in commercial paper at any time.
- 4) United States government or federal agency obligations repurchase agreements.
- 5) Bankers' acceptances of United States banks.
- 6) Mutual funds composed of investment vehicles which are legal for direct investments by the Township.

Cash and cash equivalents of the Township can be categorized as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents:		
Insured (FDIC)	\$ 125,095	\$ 125,095
Uninsured and uncollateralized	117,937	128,905
	<u>\$ 243,032</u>	<u>\$ 254,000</u>
Reported in the financial statements:		
Governmental funds	\$ 238,843	
Fiduciary funds	4,189	
	<u>\$ 243,032</u>	

The Township investments consist of certificates of deposit with a maturity of greater than 90 days. The Township has chosen to disclose its investments by specifically identifying each. As of June 30, 2007, the Township had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Market Value</u>	<u>Rating</u>
Certificates of Deposit - Uninsured	3/2/08	\$ 10,202	S&P-AAA
Certificates of Deposit - Uninsured	3/29/08	36,889	S&P-AAA
Certificates of Deposit - Uninsured	4/11/08	55,134	S&P-AAA
Certificates of Deposit - Uninsured	4/28/08	39,049	S&P-AAA
Certificates of Deposit - Uninsured	6/11/08	45,973	S&P-AAA
Certificates of Deposit - Uninsured	6/11/08	12,166	S&P-AAA
Total Investments		<u>\$ 199,413</u>	

**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 4 – CASH AND INVESTMENTS: (Continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Township minimizes this risk by holding investments to maturity.

Concentration of Credit Risk

The Township's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by public agencies.

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:**

The amount of interfund receivables and payables at June 30, 2007, are as follows:

<u>RECEIVABLES</u>		<u>PAYABLES</u>	
General	\$ -	Fire explosion	\$ 158
		- Tax Revenues	2,561
Total	<u>\$ 2,719</u>	Total	<u>\$ 2,719</u>



**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT:**

Capital asset activity of Henrietta Township for the current year was as follows:

	<u>07/01/06</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>06/30/07</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Subtotal	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Capital assets being depreciated				
Buildings and improvements	291,300	-	-	291,300
Machinery and equipment	259,619	-	835	258,784
Office equipment	106,047	-	14,719	91,328
Vehicles	415,880	42,362	-	458,242
Subtotal	<u>1,072,846</u>	<u>42,362</u>	<u>15,554</u>	<u>1,099,654</u>
Less accumulated depreciation for				
Buildings and improvements	211,670	4,131	-	215,801
Machinery and equipment	179,315	15,551	835	194,031
Office equipment	71,383	10,648	14,719	67,312
Vehicles	356,858	21,125	-	377,983
Subtotal	<u>819,226</u>	<u>51,455</u>	<u>15,554</u>	<u>855,127</u>
Net capital assets being depreciated	<u>253,620</u>	<u>(9,093)</u>	<u>-</u>	<u>244,527</u>
Governmental activities				
Total Capital assets - net of depreciation	<u>\$ 257,120</u>	<u>\$ (9,093)</u>	<u>\$ -</u>	<u>\$ 248,027</u>

**NOTE 7 - EMPLOYEES' PENSION PLAN:**

The Township contributes to a defined contribution pension plan, administered by an investment company, which covers all full time salaried and clerical employees.

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to a participant's account and the returns on investments of these contributions. Contributions made by an employee and contributions by the Township both vest immediately. The Township is required to contribute an amount equal to what each employee contributes up to 3% of the employee's gross earnings, excluding any overtime earnings.

During the year ending June 30, 2007, the Township's required contributions amounted to \$1,200.

**HENRIETTA TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 8 - CHANGES IN LONG-TERM DEBT:**

The general long-term debt and other long-term obligations of Henrietta Township, and the changes therein, may be summarized as follows:

	DEBT OUT- STANDING 07/01/06	ADDITIONS OF NEW DEBT	RETIREMENTS AND REPAYMENTS	DEBT OUT- STANDING 06/30/07
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Jackson County Road Comm- ission Road Construction Agreement.	\$ -	\$ 106,500	\$ (35,500)	\$ 71,000

**NOTE 9 - BUILDING PERMITS:**

The Township complied with requirements to account for building permits and the related costs by establishing a department within the General Fund. Revenues for the year were \$37,100 and the expenditures were \$61,233 as follows:

Revenues:	
Building permits	\$ 21,200
Electrical permits	6,795
Plumbing permits	4,260
Mechanical permits	4,845
Total	<u>37,100</u>
Expenditures:	
Building inspections	48,219
Electrical inspections	5,680
Plumbing-Mechanical inspections	7,334
Total	<u>61,233</u>
Expenditures in excess of revenues	<u>\$ (24,133)</u>

**NOTE 10 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for claims.

**NOTE 11 - FUND BALANCE/NET ASSETS RESTATEMENT:**

Accrued payroll is recorded for salaries and wages earned but unpaid. In prior years the elected officials June wages were recorded as accrued as they were not paid until the following month. It has been determined that the payroll paid to these officials is actually for the current month in which they are working. Fund Balance/Net Assets have been increased by \$9,716 to reflect this policy.

**HENRIETTA TOWNSHIP**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
<b>Taxes -</b>				
Current property taxes	\$ 100,000	\$ 101,000	\$ 100,011	\$ (989)
Delinquent personal property	-	-	61	61
Administrative fees	27,000	33,000	33,858	858
Penalties and interest	3,000	3,000	3,344	344
Total	130,000	137,000	137,274	274
<b>Franchise fees</b>	9,000	9,000	9,097	97
<b>Licenses and permits</b>				
Building permits	25,000	25,000	21,200	(3,800)
Electrical permits	8,000	8,000	6,795	(1,205)
Plumbing permits	6,000	6,000	4,260	(1,740)
Mechanical permits	6,000	6,000	4,845	(1,155)
Total	45,000	45,000	37,100	(7,900)
<b>Fees and fines</b>				
Site plan review	3,000	3,000	2,240	(760)
Zoning fees	500	500	518	18
Land division fees	1,000	1,000	1,050	50
Tax collection fees	9,500	9,500	9,234	(266)
Other fees and fines	400	400	373	(27)
Total	14,400	14,400	13,415	(985)
<b>Intergovernmental</b>				
Sales tax	300,000	304,000	301,416	(2,584)
State metro act	3,000	3,000	3,706	706
Total	303,000	307,000	305,122	(1,878)
<b>Charges for services</b>				
Fire and rescue runs	-	-	800	800
Street lights	4,600	4,600	4,702	102
Transfer station	39,000	44,000	48,717	4,717
Total	43,600	48,600	54,219	5,619
<b>Interest income</b>	900	900	1,876	976
<b>Other revenue</b>				
Rents	17,200	26,200	29,717	3,517
Reimbursements	5,650	9,650	10,203	553
Grants/Donations	-	-	6,714	6,714
Miscellaneous	1,000	2,000	2,511	511
Total	23,850	37,850	49,145	11,295
<b>TOTAL REVENUES</b>	<b>\$ 569,750</b>	<b>\$ 599,750</b>	<b>\$ 607,248</b>	<b>\$ 7,498</b>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
<b>EXPENDITURES:</b>				
<b>LEGISLATIVE:</b>				
<b>TOWNSHIP BOARD:</b>				
Salaries and wages	-	-	6,000	-
Employees' social security	-	-	459	-
Memberships	-	-	2,753	-
Professional services	-	-	5,785	-
Office supplies	-	-	291	-
Printing	-	-	149	-
Insurance	-	-	27,031	-
Repairs and maintenance	-	-	782	-
Equipment lease	-	-	1,226	-
Cemetery contributions	-	-	4,100	-
Senior nutrition	-	-	670	-
Community promotion	-	-	1,500	-
Miscellaneous	-	-	79	-
<b>TOTAL LEGISLATIVE</b>	<b>54,500</b>	<b>54,500</b>	<b>50,825</b>	<b>3,675</b>
<b>GENERAL GOVERNMENT:</b>				
<b>SUPERVISOR:</b>				
Salaries and wages	-	-	15,400	-
Employees' social security	-	-	1,178	-
Office supplies	-	-	65	-
Telephone	-	-	717	-
Memberships	-	-	90	-
Training, education and seminars	-	-	75	-
Travel	-	-	105	-
<b>Total</b>	<b>18,130</b>	<b>18,130</b>	<b>17,630</b>	<b>500</b>
<b>ELECTIONS:</b>				
Salaries and wages	-	-	3,545	-
Employees' social security	-	-	39	-
Office supplies	-	-	677	-
Postage	-	-	243	-
Professional services	-	-	1,050	-
Printing	-	-	194	-
Training, education and seminars	-	-	325	-
<b>Total</b>	<b>8,400</b>	<b>8,400</b>	<b>6,073</b>	<b>2,327</b>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>TOWNSHIP CLERK:</b>				
Salaries and wages	-	-	19,150	-
Employees' social security	-	-	1,463	-
Memberships	-	-	105	-
Professional services	-	-	4,150	-
Office supplies	-	-	1,283	-
Postage	-	-	893	-
Telephone	-	-	1,069	-
Printing	-	-	685	-
Training, education and seminars	-	-	152	-
Repairs and maintenance	-	-	2,618	-
Travel	-	-	328	-
Miscellaneous	-	-	632	-
Total	34,025	34,025	32,528	1,497
<b>ASSESSING:</b>				
Salaries and wages	-	-	334	-
Employees' social security	-	-	26	-
Memberships	-	-	150	-
Professional services	-	-	36,295	-
Office supplies	-	-	1,465	-
Postage	-	-	53	-
Telephone	-	-	469	-
Printing	-	-	1,103	-
Training, education and seminars	-	-	195	-
Repairs and maintenance	-	-	2,130	-
Travel	-	-	692	-
Total	42,650	46,750	42,912	3,838
<b>BOARD OF REVIEW:</b>				
Salaries and wages	-	-	1,861	-
Employees' social security	-	-	56	-
Office supplies	-	-	131	-
Printing	-	-	150	-
Travel	-	-	358	-
Miscellaneous	-	-	94	-
Total	2,650	2,650	2,650	-

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>TOWNSHIP TREASURER:</b>				
Salaries and wages	-	-	21,140	-
Employees' social security	-	-	1,617	-
Insurance	-	-	229	-
Professional services	-	-	4,050	-
Office supplies	-	-	810	-
Postage	-	-	1,528	-
Telephone	-	-	469	-
Training, education and seminars	-	-	37	-
Repairs and maintenance	-	-	1,244	-
Travel	-	-	135	-
Miscellaneous	-	-	198	-
Total	35,400	35,400	31,457	3,943
<b>TOWNSHIP HALL AND GROUNDS:</b>				
Professional services	-	-	751	-
Repairs and maintenance	-	-	2,424	-
Utilities	-	-	7,232	-
Miscellaneous	-	-	41	-
Total	21,500	21,500	10,448	11,052
<b>TRANSFER STATION:</b>				
Salaries and wages	-	-	17,532	-
Employees' social security	-	-	1,341	-
Professional services	-	-	46,163	-
Utilities	-	-	686	-
Repairs and maintenance	-	-	2,597	-
Miscellaneous	-	-	450	-
Total	73,060	73,060	68,769	4,291
TOTAL GENERAL GOVERNMENT	235,815	239,915	212,467	27,448

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
<b>PUBLIC SAFETY:</b>				
<b>FIRE DEPARTMENT:</b>				
Salaries and wages	-	-	80,574	-
Employees' social security	-	-	6,164	-
Employees' health insurance	-	-	17,186	-
Retirement contribution	-	-	1,200	-
Memberships	-	-	470	-
Professional services	-	-	4,603	-
Office supplies	-	-	439	-
Postage	-	-	44	-
Gas and oil	-	-	3,284	-
Clothing allowance	-	-	1,776	-
Operating supplies	-	-	4,812	-
Telephone	-	-	1,584	-
Repairs and maintenance	-	-	24,638	-
Training, education and seminars	-	-	4,027	-
Travel	-	-	1,092	-
Utilities	-	-	7,289	-
Miscellaneous	-	-	497	-
Total	161,560	179,560	159,679	19,881
<b>ORDINANCE ENFORCEMENT:</b>				
Professional services	-	-	2,815	-
Operating supplies	-	-	134	-
Telephone	-	-	120	-
Repairs and maintenance	-	-	180	-
Travel	-	-	1,021	-
Total	6,780	6,780	4,270	2,510
<b>BUILDING INSPECTIONS:</b>				
Salaries and wages	-	-	42,133	-
Employees' social security	-	-	3,108	-
Office supplies	-	-	31	-
Postage	-	-	1	-
Telephone	-	-	469	-
Training, education and seminars	-	-	72	-
Repairs and maintenance	-	-	1,288	-
Travel	-	-	454	-
Miscellaneous	-	-	663	-
Total	48,150	49,150	48,219	931
<b>ELECTRICAL INSPECTIONS:</b>				
Salaries and wages	-	-	4,590	-
Employees' social security	-	-	351	-
Training, education and seminars	-	-	385	-
Travel	-	-	354	-
Total	7,900	7,900	5,680	2,220

The accompanying notes are an integral part of the financial statements.



**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>PLUMBING-MECHANICAL INSPECTIONS:</b>				
Professional services	-	-	6,520	-
Travel	-	-	814	-
Total	13,000	13,000	7,334	5,666
<b>PLANNING AND ZONING</b>				
Salaries and wages	-	-	3,220	-
Employees' social security	-	-	273	-
Professional services	-	-	5,455	-
Memberships	-	-	1,210	-
Office supplies	-	-	166	-
Printing	-	-	471	-
Telephone	-	-	589	-
Training, education and seminars	-	-	174	-
Repairs and maintenance	-	-	180	-
Travel	-	-	1,063	-
Total	21,880	21,880	12,801	9,079
<b>TOTAL PUBLIC SAFETY</b>	259,270	278,270	237,983	40,287
<b>PUBLIC WORKS:</b>				
<b>HIGHWAYS AND STREETS</b>				
Road construction	14,500	37,000	35,940	1,060
<b>STREET LIGHTS</b>				
Utilities	5,700	5,700	5,757	(57)
<b>TOTAL PUBLIC WORKS:</b>	20,200	42,700	41,697	1,003
<b>CAPITAL OUTLAY:</b>				
Fire department	16,000	16,000	15,860	140
<b>TOTAL EXPENDITURES</b>	585,785	631,385	558,832	72,553
<b>Excess (deficiency) of revenues over</b>				
<b>over (under) expenditures before other</b>				
<b>financing sources (uses)</b>	(16,035)	(31,635)	48,416	80,051
<b>Other financing sources (uses)</b>				
Operating transfers in	13,000	-	-	-
Operating transfers (out)	-	(4,500)	(75,500)	(71,000)
Total other financing sources (uses)	13,000	(4,500)	(75,500)	(71,000)
<b>Net changes in fund balance</b>	(3,035)	(36,135)	(27,084)	9,051
<b>FUND BALANCE - Beginning of year</b>	290,755	290,755	290,755	-
<b>FUND BALANCE - End of year</b>	\$ 287,720	\$ 254,620	\$ 263,671	\$ 9,051

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**VEHICLE REPLACEMENT FUND**  
**YEAR ENDED JUNE 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 1,509	\$ 1,509
<b>Expenditures:</b>				
Capital outlay				
Public safety	21,000	61,000	26,502	34,498
<b>Excess (deficiency) of revenues over</b>				
<b>over (under) expenditures before</b>				
<b>other financing sources (uses)</b>	(21,000)	(61,000)	(24,993)	36,007
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	61,000	61,000
<b>Net change in fund balance</b>	(21,000)	(61,000)	36,007	97,007
<b>FUND BALANCE - Beginning of year</b>	29,090	29,090	29,090	-
<b>FUND BALANCE - End of year</b>	<u>\$ 8,090</u>	<u>\$ (31,910)</u>	<u>\$ 65,097</u>	<u>\$ 97,007</u>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**PUBLIC IMPROVEMENT FUND**  
**YEAR ENDED JUNE 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 7,384	\$ 7,384
<b>Expenditures:</b>				
Public works	-	219,000	-	219,000
<b>Excess (deficiency) of revenues over over (under) expenditures before other financing sources (uses)</b>	-	(219,000)	7,384	226,384
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	14,500	14,500
<b>Net change in fund balance</b>	-	(219,000)	21,884	240,884
<b>FUND BALANCE - Beginning of year</b>	183,256	183,256	183,256	-
<b>FUND BALANCE - End of year</b>	<u>\$ 183,256</u>	<u>\$ (35,744)</u>	<u>\$ 205,140</u>	<u>\$ 240,884</u>

The accompanying notes are an integral part of the financial statements.

**MARKOWSKI & COMPANY**  
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RONALD L. MARKOWSKI, C.P.A.  
DOUGLAS E. ATKINS, C.P.A.

**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2007  
Township Board  
Henrietta Township

We have audited the financial statements of Henrietta Township for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. Professional standards require that we provided you with the following information related to our audit.

**Our responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated November 20, 2007 our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Henrietta Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

**Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Henrietta Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2007. We noted no transactions entered into by Henrietta Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Henrietta Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Henrietta Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Henrietta Township's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Henrietta Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

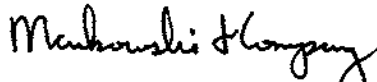
Township Board  
Henrietta Township  
Page Three

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Village Council and management of Henrietta Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Markowski & Company".

MARKOWSKI & COMPANY, CPAs

**HENRIETTA TOWNSHIP**  
**MEMORANDUM OF COMMENTS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Segregation of Duties**

Because of the limited size of Henrietta Township's staff, proper segregation of duties cannot be accomplished. This is an inherent weakness in the internal controls of the Township. Township management needs to continue to exercise appropriate management oversight to help compensate for the lack of staff. The only corrective action would be to hire additional staff, which is not practical.

**Budgeting Procedures**

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amounts appropriated. As detailed in Note 2 of the financial statements, the Township incurred expenditures in excess of amounts appropriated. The Township does have procedures for monitoring and adjusting the budget. The amounts expended in excess of appropriations were in a very limited number of departments and not material to the overall financial statements.

**Bank Reconciliations**

During our audit we found that all bank accounts were being reconciled timely. However, these reconciliations did not agree with the Township's general ledger which contains the financial records of the Township. The differences were immaterial, but the two amounts should agree. We recommend that the bank reconciliations and the general ledger be reconciled on a monthly basis in the future.